General Assembly **Substitute Bill No. 6322**

January Session, 2011 *____HB06322HS_APP032311___*

AN ACT CONCERNING STATE PRESCRIPTION DRUG PURCHASING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 5-259 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The Comptroller, with the approval of the Attorney General and of the Insurance Commissioner, shall arrange and procure a group hospitalization and medical and surgical insurance plan or plans for (1) state employees, (2) members of the General Assembly who elect coverage under such plan or plans, (3) participants in an alternate retirement program who meet the service requirements of section 5-162 or subsection (a) of section 5-166, (4) anyone receiving benefits under section 5-144 or from any state-sponsored retirement system, except the teachers' retirement system and the municipal employees retirement system, (5) judges of probate and Probate Court employees, (6) the surviving spouse, and any dependent children until they reach the age of eighteen, of a state police officer, a member of an organized local police department, a firefighter or a constable (A) who performs criminal law enforcement duties, (B) who dies **[**before, on or after June 26, 2003,**]** as the result of injuries received while acting within the scope of such officer's or firefighter's or constable's employment and not as the result of illness or natural causes, and (C) whose surviving spouse and dependent children are not otherwise eligible for a group

hospitalization and medical and surgical insurance plan, (7) employees of the Capital City Economic Development Authority established by section 32-601, and (8) the surviving spouse and dependent children of any employee of a municipality who dies on or after October 1, 2000, as the result of injuries received while acting within the scope of such employee's employment and not as the result of illness or natural causes, and whose surviving spouse and dependent children are not otherwise eligible for a group hospitalization and medical and surgical insurance plan. For purposes of this subdivision, "employee" means any regular employee or elective officer receiving pay from a municipality, "municipality" means any town, city, borough, school district, taxing district, fire district, district department of health, probate district, housing authority, regional work force development board established under section 31-3k, flood commission or authority established by special act or regional planning agency. For purposes of subdivision (6) of this subsection, "firefighter" means any person who is regularly employed and paid by any municipality for the purpose of performing firefighting duties for a municipality on average of not less than thirty-five hours per week. The minimum benefits to be provided by such plan or plans shall be substantially equal in value to the benefits that each such employee or member of the General Assembly could secure in such plan or plans on an individual basis on the preceding first day of July. The state shall pay for each such employee and each member of the General Assembly covered by such plan or plans the portion of the premium charged for such member's or employee's individual coverage and seventy per cent of the additional cost of the form of coverage and such amount shall be credited to the total premiums owed by such employee or member of the General Assembly for the form of such member's or employee's coverage under such plan or plans. On and after January 1, 1989, the state shall pay for anyone receiving benefits from any such state-sponsored retirement system one hundred per cent of the portion of the premium charged for such member's or employee's individual coverage and one hundred per cent of any additional cost for the form of coverage. The balance of any premiums payable by an individual employee or by a

member of the General Assembly for the form of coverage shall be deducted from the payroll by the State Comptroller. The total premiums payable shall be remitted by the Comptroller to the insurance company or companies or nonprofit organization or organizations providing the coverage. The amount of the state's contribution per employee for a health maintenance organization option shall be equal, in terms of dollars and cents, to the largest amount of the contribution per employee paid for any other option that is available to all eligible state employees included in the health benefits plan, but shall not be required to exceed the amount of the health maintenance organization premium.

(b) For the purpose of providing prescription drug benefits in the most cost-effective manner, the Comptroller and the Commissioner of Social Services shall develop a plan to jointly contract for the provision of pharmacy benefit management services for (1) persons who are eligible to participate in the group hospitalization and medical insurance plan in accordance with subsection (a) of this section, and (2) persons who have been determined to be eligible for benefits under a medical assistance program administered by the Department of Social Services. The Comptroller and the commissioner shall (A) publish a notice describing the terms of the plan in the Connecticut Law Journal, and (B) submit such plan to the joint standing committee of the General Assembly having cognizance of matters relating to human services for said committee's approval. The commissioner may amend the Medicaid state plan to the extent required under federal law prior to implementation of the plan developed and approved in accordance with this subsection. Any change to the terms of the state employees' health insurance plan pursuant to a plan submitted to, and approved by, the joint standing committee of the General Assembly having cognizance of matters relating to human services shall only be effective if the State Employees' Bargaining Agent coalition provides written notice to the Comptroller stating that the coalition agrees to incorporate the terms of such change into its collective bargaining agreement. The Comptroller and the commissioner may implement the

plan not later than July 1, 2012, provided the requirements of this subsection have been met.

[(b)**]** (c) The insurance coverage procured under subsection (a) of this section for active state employees, employees of the Connecticut Institute for Municipal Studies, anyone receiving benefits from any such state-sponsored retirement system and members of the General Assembly, who are over sixty-five years of age, may be modified to reflect benefits available to such employees or members pursuant to Social Security and medical benefits programs administered by the federal government, provided any payments required to secure such benefits administered by the federal government shall be paid by the Comptroller either directly to the employee or members or to the agency of the federal government authorized to collect such payments.

[(c)**]** (d) On October 1, 1972, the Comptroller shall continue to afford payroll deduction services for employees participating in existing authorized plans covering state employees until such time as the employee elects in writing to be covered by the plan authorized by subsection (a) of this section.

[(d)**]** (e) Notwithstanding the provisions of subsection (a) of this section, the state shall pay for a member of any such state-sponsored retirement system, or a participant in an alternate retirement program who meets the service requirements of section 5-162 or subsection (a) of section 5-166, and who begins receiving benefits from such system or program on or after November 1, 1989, eighty per cent of the portion of the premium charged for his individual coverage and eighty per cent of any additional cost for his form of coverage. Upon the death of any such member, any surviving spouse of such member who begins receiving benefits from such system shall be eligible for coverage under this section and the state shall pay for any such spouse eighty per cent of the portion of the premium charged for his individual coverage and eighty per cent of any additional cost for his form of coverage.

[(e)**]** (f) Notwithstanding the provisions of subsection (a) of this section, (1) vending stand operators eligible for membership in the state employee's retirement system pursuant to section 5-175a, shall be eligible for coverage under the group hospitalization and medical and surgical insurance plans procured under this section, provided the cost for such operators' insurance coverage shall be paid by the Board of Education and Services for the Blind from vending machine income pursuant to section 10-303, and (2) blind persons employed in workshops, established pursuant to section 10-298a, on December 31, 2002, shall be eligible for coverage under the group hospitalization and medical and surgical insurance plans procured under this section, provided the cost for such persons' insurance coverage shall be paid by the Board of Education and Services for the Blind. General workers employed in positions by the Department of Developmental Services as self-advocates, not to exceed eleven employees, shall be eligible for sick leave, in accordance with section 5-247, vacation and personal leave, in accordance with section 5-250, and holidays, in accordance with section 5-254.

[(f)**]** (g) The Comptroller, with the approval of the Attorney General and of the Insurance Commissioner, shall arrange and procure a group hospitalization and medical and surgical insurance plan or plans for any person who adopts a child from the state foster care system, any person who has been a foster parent for the Department of Children and Families for six months or more, a parent in a permanent family residence for six months or more, and any dependent of such adoptive parent, foster parent or parent in a permanent family residence who elects coverage under such plan or plans. The Comptroller may also arrange for inclusion of such person and any such dependent in an existing group hospitalization and medical and surgical insurance plan offered by the state. Any adoptive parent, foster parent or a parent in a permanent family residence and any dependent who elects coverage shall pay one hundred per cent of the premium charged for such coverage directly to the insurer, provided such adoptive parent, foster parent or parent and all such dependents shall be included in such

group hospitalization and medical and surgical insurance plan. A person and his dependents electing coverage pursuant to this subsection shall be eligible for such coverage until no longer an adoptive parent, a foster parent or a parent in a permanent family residence. An adoptive parent shall be eligible for such coverage until the adopted child reaches the age of eighteen or, if the child has not completed a secondary education program, until such child reaches the age of twenty-one. As used in this section "dependent" means a spouse or natural or adopted child if such child is wholly or partially dependent for support upon the adoptive parent, foster parent or parent in a permanent family residence.

[(g)**]** (h) Notwithstanding the provisions of subsection (a) of this section, the Probate Court Administration Fund established in accordance with section 45a-82, shall pay for each probate judge and each probate court employee not more than one hundred per cent of the portion of the premium charged for the judge's or employee's individual coverage and not more than fifty per cent of any additional cost for the judge's or employee's form of coverage. The remainder of the premium for such coverage shall be paid by the probate judge or probate court employee to the State Treasurer. Payment shall be credited by the State Treasurer to the fund established by section 45a-82. The total premiums payable shall be remitted by the Probate Court Administrator directly to the insurance company or companies or nonprofit organization or organizations providing the coverage. The Probate Court Administrator shall issue regulations governing group hospitalization and medical and surgical insurance pursuant to subsection (b) of section 45a-77.

[(h)**]** (i) For the purpose of subsection **[**(g)**]** (h) of this section, "probate judge" or "judge" means a duly elected probate judge who works in such judge's capacity as a probate judge at least twenty hours per week, on average, on a quarterly basis and certifies to that fact on forms provided by and filed with the Probate Court Administrator, on or before the fifteenth day of April, July, October and January, for the

preceding calendar quarter; and "probate court employee" or "employee" means a person employed by a probate court for at least twenty hours per week.

[(i)**]** (j) The Comptroller may provide for coverage of employees of municipalities, nonprofit corporations, community action agencies and small employers and individuals eligible for a health coverage tax credit, retired members or members of an association for personal care assistants under the plan or plans procured under subsection (a) of this section, provided: (1) Participation by each municipality, nonprofit corporation, community action agency, small employer, eligible individual, retired member or association for personal care assistants shall be on a voluntary basis; (2) where an employee organization represents employees of a municipality, nonprofit corporation, community action agency or small employer, participation in a plan or plans to be procured under subsection (a) of this section shall be by mutual agreement of the municipality, nonprofit corporation, community action agency or small employer and the employee organization only and neither party may submit the issue of participation to binding arbitration except by mutual agreement if such binding arbitration is available; (3) no group of employees shall be refused entry into the plan by reason of past or future health care costs or claim experience; (4) rates paid by the state for its employees under subsection (a) of this section are not adversely affected by this subsection; (5) administrative costs to the plan or plans provided under this subsection shall not be paid by the state; (6) participation in the plan or plans in an amount determined by the state shall be for the duration of the period of the plan or plans, or for such other period as mutually agreed by the municipality, nonprofit corporation, community action agency, small employer, retired member or association for personal care assistants and the Comptroller; and (7) nothing in this section or section 12-202a, 38a-551, 38a-553 or 38a-556 shall be construed as requiring a participating insurer or health care center to issue individual policies to individuals eligible for a health coverage tax credit. The coverage provided under this section may be

referred to as the "Municipal Employee Health Insurance Plan". The Comptroller may arrange and procure for the employees and eligible individuals under this subsection health benefit plans that vary from the plan or plans procured under subsection (a) of this section. Notwithstanding any provision of part V of chapter 700c, the coverage provided under this subsection may be offered on either a fully underwritten or risk-pooled basis at the discretion of the Comptroller. For the purposes of this subsection, (A) "municipality" means any town, city, borough, school district, taxing district, fire district, district department of health, probate district, housing authority, regional work force development board established under section 31-3k, regional emergency telecommunications center, tourism district established under section 32-302, flood commission or authority established by special act, regional planning agency, transit district formed under chapter 103a, or the Children's Center established by number 571 of the public acts of 1969; (B) "nonprofit corporation" means (i) a nonprofit corporation organized under 26 USC 501 that has a contract with the state or receives a portion of its funding from a municipality, the state or the federal government, or (ii) an organization that is tax exempt pursuant to 26 USC 501(c)(5); (C) "community action agency" means a community action agency, as defined in section 17b-885; (D) "small employer" means a small employer, as defined in subparagraph (A) of subdivision (4) of section 38a-564; (E) "eligible individuals" or "individuals eligible for a health coverage tax credit" means individuals who are eligible for the credit for health insurance costs under Section 35 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, in accordance with the Pension Benefit Guaranty Corporation and Trade Adjustment Assistance programs of the Trade Act of 2002 (P.L. 107-210); (F) "association for personal care assistants" means an organization composed of personal care attendants who are employed by recipients of service (i) under the home-care program for the elderly under section 17b-342, (ii) under the personal care assistance program under section 17b-605a, (iii) in an independent living center pursuant to

sections 17b-613 to 17b-615, inclusive, or (iv) under the program for individuals with acquired brain injury as described in section 17b-260a; and (G) "retired members" means individuals eligible for a retirement benefit from the Connecticut municipal employees' retirement system.

[(j)**]** (k) (1) Notwithstanding any provision of law to the contrary, the existing rights and obligations of state employee organizations and the state employer under current law and contract shall not be impaired by the provisions of this section. (2) Other conditions of entry for any group into the plan or plans procured under subsection (a) of this section shall be determined by the Comptroller upon the recommendation of a coalition committee established pursuant to subsection (f) of section 5-278, except for such conditions referenced in subsection **[**(g)**]** (h) of this section. (3) Additional determinations by the Comptroller on (A) issues generated by any group's actual or contemplated participation in the plan or plans, (B) modifications to the terms and conditions of any group's continued participation, (C) related matters shall be made upon the recommendation of such committee. (4) Notwithstanding any provision of law to the contrary, a municipal employer and an employee organization may upon mutual agreement reopen a collective bargaining agreement for the exclusive purpose of negotiating on the participation by such municipal employer or employee organization in the plan or plans offered under the provisions of this section.

[(k)**]** (l) The Comptroller shall submit annually to the General Assembly a review of the coverage of employees of municipalities, nonprofit corporations, community action agencies, small employers under subsection **[**(i)**]** (j) of this section and eligible individuals under subsection **[**(i)**]** (j) of this section beginning February 1, 2004.

[(l)**]** (m) (1) Effective July 1, 1996, any deputies or special deputies appointed pursuant to section 6-37 of the general statutes, revision of 1958, revised to 1999, or section 6-43, shall be allowed to participate in the plan or plans procured by the Comptroller pursuant to subsection

(a) of this section. Such participation shall be voluntary and the participant shall pay the full cost of the coverage under such plan.

(2) Effective December 1, 2000, any state marshal shall be allowed to participate in the plan or plans procured by the Comptroller pursuant to subsection (a) of this section. Such participation shall be voluntary and the participant shall pay the full cost of the coverage under such plan.

(3) Effective December 1, 2000, any judicial marshal shall be allowed to participate in the plan or plans procured by the Comptroller pursuant to subsection (a) of this section. Such participation shall be voluntary and the participant shall pay the full cost of the coverage under such plan unless and until the judicial marshals participate in the plan or plans procured by the Comptroller under this section through collective bargaining negotiations pursuant to subsection (f) of section 5-278.

[(m)**]** (n) (1) Notwithstanding any provision of the general statutes, the Comptroller shall begin procedures to convert the group hospitalization and medical and surgical insurance plans set forth in subsection (a) of this section, including any prescription drug plan offered in connection with or in addition to such insurance plans, to self-insured plans, except that any dental plan offered in connection with or in addition to such self-insured plans may be fully insured.

(2) The Comptroller may enter into contracts with third-party administrators to provide administrative services only for the self-insured plans set forth in subdivision (1) of this subsection. Any such third-party administrator shall be required under such contract to charge such third-party administrator's lowest available rate for such services.

(3) (A) (i) The Comptroller shall offer nonstate public employers the option to purchase prescription drugs for their employees, employees' dependents and retirees under the purchasing authority of the state

pursuant to section 1 of public act 09-206, subject to the provisions of subparagraph (E) of this subdivision.

(ii) For purposes of this subdivision, "nonstate public employer" means (I) a municipality or other political subdivision of the state, including a board of education, quasi-public agency or public library, as defined in section 11-24a, or (II) the Teachers' Retirement Board.

(B) The Comptroller shall establish procedures to determine (i) the eligibility requirements for, (ii) the enrollment procedures for, (iii) the duration of, (iv) requirements regarding payment for, and (v) the procedures for withdrawal from and termination of, the purchasing of prescription drugs for nonstate public employers under subparagraph (A) of this subdivision.

(C) The Comptroller may offer to nonstate public employers that choose to purchase prescription drugs pursuant to subparagraph (A) of this subdivision the option to purchase stop loss coverage from an insurer at a rate negotiated by the Comptroller.

(D) Two or more nonstate public employers may join together for the purpose of purchasing prescription drugs for their employees, employees' dependents and retirees. Such arrangement shall not constitute a multiple employer welfare arrangement, as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended from time to time.

(E) (i) The Comptroller shall offer nonstate public employers the option to purchase prescription drugs through the plan set forth in the State Employees' Bargaining Agent Coalition's collective bargaining agreement with the state only if the Health Care Cost Containment Committee, established in accordance with the ratified agreement between the state and said coalition pursuant to subsection (f) of section 5-278, has indicated in writing to the Comptroller that allowing such nonstate public employers such option is consistent with said coalition's collective bargaining agreement.

(ii) Such writing shall not be required if the Comptroller establishes a separate prescription drugs purchasing plan for nonstate public employers.

(iii) Nonstate public employers that purchase prescription drugs pursuant to this subdivision shall pay the full cost of their own claims and prescription drugs.

Sec. 2. Subsection (b) of section 38a-472d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(b) The information on the department's Internet web site shall reference the availability and general eligibility requirements of (1) programs administered by the Department of Social Services, including, but not limited to, the Medicaid program, the HUSKY Plan, Part A and Part B, and the state-administered general assistance program, (2) health insurance coverage provided by the Comptroller under subsection **[**(i)**]** (j) of section 5-259, as amended by this act, (3) health insurance coverage available under comprehensive health care plans issued pursuant to part IV of this chapter, and (4) other health insurance coverage offered through local, state or federal agencies or through entities licensed in this state. The commissioner shall update the information on the web site at least quarterly.

Sec. 3. Subsection (b) of section 38a-556a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(b) Said association shall, in consultation with the Insurance Commissioner and the Healthcare Advocate, develop, within available appropriations, a web site, telephone number or other method to serve as a clearinghouse for information about individual and small employer health insurance policies and health care plans that are available to consumers in this state, including, but not limited to, the Medicaid program, the HUSKY Plan, state-administered general

assistance, the Charter Oak Health Plan set forth in section 17b-311, the Municipal Employee Health Insurance Plan set forth in subsection **[**(i)**]** (j) of section 5-259, as amended by this act, and any individual or small employer health insurance policies or health care plans an insurer, health care center or other entity chooses to list with the Connecticut Clearinghouse.

Sec. 4. Subdivision (22) of section 38a-567 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(22) (A) With respect to plans or arrangements issued pursuant to subsection **[**(i)**]** (j) of section 5-259, as amended by this act, at the option of the Comptroller, the premium rates charged or offered to small employers purchasing health insurance shall not be subject to this section, provided (i) the plan or plans offered or issued cover such small employers as a single entity and cover not less than three thousand employees on the date issued, (ii) each small employer is charged or offered the same premium rate with respect to each employee and dependent, and (iii) the plan or plans are written on a guaranteed issue basis.

(B) With respect to plans or arrangements issued by an association group plan, at the option of the administrator of the association group plan, the premium rates charged or offered to small employers purchasing health insurance shall not be subject to this section, provided (i) the plan or plans offered or issued cover such small employers as a single entity and cover not less than three thousand employees on the date issued, (ii) each small employer is charged or offered the same premium rate with respect to each employee and dependent, and (iii) the plan or plans are written on a guaranteed issue basis. In addition, such association group (I) shall be a bona fide group as set forth in the Employee Retirement and Security Act of 1974, (II) shall not be formed for the purposes of fictitious grouping, as defined in section 38a-827, and (III) shall not issue any plan that shall cause undue disruption in the insurance marketplace, as determined by the

commissioner.

Sec. 5. Subdivision (5) of section 45a-34 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(5) "Judge" means a judge of probate, except that, with respect to a judge first elected for a term beginning on or after January 5, 2011, judge means a person who holds the office of judge of probate and works in such judge's capacity as a judge of probate for at least one thousand hours per year as determined pursuant to information filed by the judge of probate with the Probate Court Administrator pursuant to subsection **[**(h)**]** (i) of section 5-259, as amended by this act;

Sec. 6. Section 17b-274a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

The **[**Commissioner of Social Services may establish**]** maximum allowable costs to be paid under **[**the Medicaid, state-administered general assistance, ConnPACE and Connecticut AIDS drug assistance programs**]** a medical assistance program administered by the Department of Social Services for generic prescription drugs **[**based on, but not limited to,**]** shall equal actual acquisition costs negotiated by the state for the period beginning July 1, 2011, for generic prescription drugs dispensed to state employees in a retail setting. On or before July 1, 2012, the maximum allowable costs for generic prescription drugs to be paid under a medical assistance program administered by the Department of Social Services may equal actual costs that are negotiated by the Comptroller and the Commissioner of Social Services in accordance with section 5-259, as amended by this act. **[**The department shall implement and maintain a procedure to review and update the maximum allowable cost list at least annually, and shall report annually to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies on its activities pursuant to this section.**]**

Sec. 7. Subsection (a) of section 17b-280 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The state shall reimburse for all legend drugs provided under **[**the Medicaid, state-administered general assistance, ConnPACE and Connecticut AIDS drug assistance programs**]** medical assistance programs administered by the Department of Social Services at the **[**lower of (1) the rate established by the Centers for Medicare and Medicaid Services as the federal acquisition cost, (2) the average wholesale price minus fourteen per cent, or (3) an equivalent percentage as established under the Medicaid state plan**]** same rate negotiated by the state for the period beginning July 1, 2011, for outpatient prescription drugs dispensed to state employees in a retail setting. The **[**commissioner**]** state shall **[**also establish**]** pay a professional fee **[**of two dollars and ninety cents**]** to licensed pharmacies for each prescription **[**to be paid to licensed pharmacies for dispensing drugs to Medicaid, state-administered general assistance, ConnPACE and Connecticut AIDS drug assistance recipients**]** dispensed to a recipient of benefits under a medical assistance program administered by the Department of Social Services. Such professional fee shall be the same fee negotiated by the state for the dispensing of outpatient prescription drugs to state employees in a retail setting, in accordance with federal regulations. **[**; and on and after September 4, 1991, payment**]** On or before July 1, 2012, the state may reimburse for outpatient prescription drugs provided under a medical assistance program administered by the Department of Social Services and pay a professional fee to licensed pharmacies for dispensing such drugs at the same rates negotiated by the Comptroller and the Commissioner of Social Services in accordance with section 5-259, as amended by this act. Payment for legend and nonlegend drugs provided to Medicaid recipients shall be based upon the actual package size dispensed. Effective October 1, 1991, reimbursement for over-the-counter drugs for such recipients shall be limited to those over-the-counter drugs and products published in the Connecticut

Formulary, or the cross reference list, issued by the commissioner. The cost of all over-the-counter drugs and products provided to residents of nursing facilities, chronic disease hospitals, and intermediate care facilities for the mentally retarded shall be included in the facilities' per diem rate. Notwithstanding the provisions of this subsection, no dispensing fee shall be issued for a prescription drug dispensed to a ConnPACE or Medicaid recipient who is a Medicare Part D beneficiary when the prescription drug is a Medicare Part D drug, as defined in Public Law 108-173, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

Sec. 8. Section 17b-491 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) There shall be a "Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program" which shall be within the Department of Social Services. The program shall consist of payments by the state to pharmacies for **[**the reasonable cost of**]** prescription drugs dispensed to eligible persons at the same rate negotiated by the state for the period beginning July 1, 2011, for outpatient prescription drugs dispensed to state employees in a retail setting. On or before July 1, 2012, the program may consist of payments by the state to pharmacies for prescription drugs dispensed to persons eligible for benefits under the program and a professional fee to licensed pharmacies for dispensing such drugs at the same rates negotiated by the Comptroller and the Commissioner of Social Services in accordance with section 5-259, as amended by this act, minus a copayment charge. The pharmacy shall collect the copayment charge from the eligible person at the time of each purchase of prescription drugs, and shall not waive, discount or rebate in whole or in part such amount. The copayment for each prescription shall not exceed sixteen dollars and twenty-five cents.

[(b) On January 1, 2002, and annually thereafter, the commissioner shall increase the income limits established in subsection (a) of this section that set the appropriate participant copayment by the increase

in the annual inflation adjustment in Social Security income, if any. Each such adjustment shall be determined to the nearest one hundred dollars.

(c) Notwithstanding the provisions of subsection (a) of this section, effective September 15, 1991, payment by the state to a pharmacy under the program may be based on the price paid directly by a pharmacy to a pharmaceutical manufacturer for drugs dispensed under the program minus the copayment charge, plus the dispensing fee, if the direct price paid by the pharmacy is lower than the reasonable cost of such drugs.**]**

[(d)**]** (b) Effective September 15, 1991, reimbursement to a pharmacy for prescription drugs dispensed under the program shall be based upon actual package size costs of drugs purchased by the pharmacy in units larger than or smaller than one hundred.

[(e)**]** (c) Participation by a pharmaceutical manufacturer shall require that the department shall receive a rebate from the pharmaceutical manufacturer for prescriptions covered under the program and for prescriptions covered by the department pursuant to subsection (c) of section 17b-265e. Rebate amounts for brand name prescription drugs shall be equal to those under the Medicaid program. Rebate amounts for generic prescription drugs shall be established by the commissioner, provided such amounts may not be less than those under the Medicaid program. A participating pharmaceutical manufacturer shall make quarterly rebate payments to the department for the total number of dosage units of each form and strength of a prescription drug which the department reports as reimbursed to providers of prescription drugs, provided such payments shall not be due until thirty days following the manufacturer's receipt of utilization data from the department including the number of dosage units reimbursed to providers of prescription drugs during the quarter for which payment is due. The department may enter into contracts for supplemental rebates for drugs that are on a preferred drug list or formulary established by the

department.

[(f)**]** (d) All prescription drugs of a pharmaceutical manufacturer that participates in the program pursuant to subsection **[**(e)**]** (c) of this section shall be subject to prospective drug utilization review. Any prescription drug of a manufacturer that does not participate in the program shall not be reimbursable, unless the department determines the prescription drug is essential to program participants.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2011*	5-259
Sec. 2	*July 1, 2011*	38a-472d(b)
Sec. 3	*July 1, 2011*	38a-556a(b)
Sec. 4	*July 1, 2011*	38a-567(22)
Sec. 5	*July 1, 2011*	45a-34(5)
Sec. 6	*July 1, 2011*	17b-274a
Sec. 7	*July 1, 2011*	17b-280(a)
Sec. 8	*July 1, 2011*	17b-491

HS *Joint Favorable Subst. C/R* APP